

Farm Bill Section 9006 – 7CFR 4280-Subpart B

Renewable Energy and Energy Efficiency Program

FACT SHEET

Section 9006 – The Renewable Energy and Energy Efficiency Program, through USDA-Rural Development, offers **grants, guaranteed loans, and combination grant/guaranteed loans** to help **agricultural producers and rural small businesses** purchase and install renewable energy systems and make energy efficiency improvements in rural areas. Helpful information regarding the Section 9006 program can be found at: www.rurdev.usda.gov/ia/rbs.html - click on **Energy** program.

Who is eligible?

- ☒ An **agricultural producer** (individual or entity) directly engaged in the production of agricultural products and obtains at least 50% or greater of their gross income from their agriculture business.
- ☒ A **rural small business** – an entity is considered a small business in accordance with SBA's (Small Business Administration) small business size standards (by NAICS codes). SBA small size standards can be found at <http://www.sba.gov/size/index.html>
 - A private entity including a sole proprietorship, partnership, corporation, and a cooperative (including a cooperative qualified under section 501(c) (12) of the Internal Revenue Code.
 - An electric utility, including a Tribal or governmental electric utility that provides service to rural consumers on a cost-of-service basis without support from public funds or subsidy from the Government authority establishing the district, provided such utilities meet SBA's definition of small business. These entities must operate independent of direct Government control.
- ☒ With the exception of the entities described above, all other non-profit organizations and public entities are **excluded**.
- ☒ For projects with total eligible costs **exceeding \$200,000**, agricultural producers and rural small businesses with a demonstrated financial need.
- ☒ For projects with total eligible costs of **\$200,000 or less**, applicants must provide a statement certifying their financial need.

How much assistance can be provided?

	Renewable Energy Projects	Energy Efficiency Improvements Projects
Description	A system that produces or produces and delivers usable energy from a renewable energy source.	Improvements to a facility, building, or process that reduces energy consumption.
Minimum grant (no more than 25% of total eligible project costs)	\$ 2,500	\$ 1,500
Maximum grant (no more than 25% of total eligible project costs)	\$ 500,000	\$ 250,000
Maximum grant per applicant per fiscal year	\$ 750,000	
Minimum guaranteed loan (no more than 50% of total eligible project costs)	\$ 5,000	\$ 5,000
Maximum guaranteed loan (no more than 50% of total eligible project costs)	\$ 10,000,000	\$ 10,000,000
Minimum grant portion of the combined funding request	\$ 1,500	\$ 1,500
Maximum combination grant/guaranteed loan (no more than 50% of total eligible project costs)	\$ 10,000,000	
Services of a Professional Engineer required?	Projects with total eligible costs > \$400,000	Projects with total eligible costs > \$200,000
Energy audit or energy assessment required?	NO	Required for all energy efficiency projects. Projects with total eligible costs > \$50,000 require an energy audit.
Business Level Feasibility study required?	Projects with total eligible costs > \$200,000	NO
Technical Report Required?	YES	YES



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We encourage you to start planning your project now.

Two (2) copies of your application are to be submitted to the USDA Rural Development State Office where your project is located or, in the case of a rural small business, where they are headquartered. For a list of Rural Development Business-Cooperative Specialists addresses and telephone numbers – [see the 6th page of this fact sheet](#). The address of the Iowa Rural Development State Office is: 873 Federal Building, 210 Walnut, Des Moines, Iowa 50309. The phone number to call is 515-284-4714.

Selection is based on a nation-wide competition for funds. To qualify for consideration for funding, an application must meet the application requirements, technical requirements, and environmental requirements.

Separate applications must be submitted for renewable energy system and energy efficiency improvement projects. Only one application per each type of project may be submitted per year.

Applications within each type of technology will be competing against each other on a nation-wide basis.

These are the types of projects Rural Development can consider:

	Renewable Energy Projects	Energy Efficiency Improvements Projects
Categories of projects <i>(The project must be located in a rural area.)</i>	Biomass, Anaerobic Digester, Geothermal – electric generation, Geothermal – direct use, Hydrogen, Small and Large Wind, Small and Large Solar	Energy Efficiency Improvements verified by an energy audit or assessment.

What type of application should be submitted to the Iowa Rural Development State Office?

Application process	Total eligible project costs	
Simplified grant application criteria and procedures 4280.109	\$200,000 or less	
Applicant provides a certification of financial need	\$200,000 or less	
Technical Report Guidelines can be found in	Appendix A to 4280-B	
Full grant application criteria and procedures 4280.111	> \$200,000	
Applicant has demonstrated financial need	> \$200,000	
Technical Report Guidelines can be found in	Appendix B to 4280-B	
Guaranteed loans – Reduced application and documentation 4280.128	= or < \$600,000	
Guaranteed loans – Full application and documentation	> \$600,000	
Guaranteed loan - Equity evidence by borrowers	= or < \$600,000 – not less than 15% of eligible project costs > \$600,000 – not less than 25% of eligible project costs	
Maximum percentage of guarantee	= or < \$600,000	85%
	> \$600,000 & = or < \$5 million	80%
	> \$5 million & = or < \$10 million	70%
Guaranteed loan - Appraisal	= or < \$600,000 complete self-contained appraisal > \$600,000 complete summary appraisal	



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Program information

	Grant	Guaranteed Loan	Combination Grant & Guaranteed Loan
Who is the applicant?	Agricultural producer or rural small business	A lender is the applicant seeking a guarantee on a loan to an agricultural producer or a rural small business.	2 applications needed. The grant application is from the agricultural producer or the rural small business. The lender submits an application for the guaranteed loan.
What are eligible costs? <i>(All eligible projects must be located in a rural area and utilize a replicable pre-commercial or replicable commercially available, and feasible technology.</i> <i>The applicant must be the owner of the project and control the operation and maintenance of the proposed project.</i> <i>Applicants must demonstrate the project has sufficient revenues to provide for operation and maintenance.)</i>	<ol style="list-style-type: none"> 1. Post application purchase and installation of equipment (new, refurbished, or remanufactured), except agricultural tillage equipment, used equipment and vehicles. 2. Post application construction or project improvements, except residential 3. Energy audits or assessments 4. Permit and license fees 5. Professional service fees, except for application preparation. 6. Feasibility studies and technical reports 7. Business Plans 8. Retrofitting 9. Construction of a new energy efficient facility only when the facility is used for the same purpose; is approximately the same size; and based on the energy audit, will provide more energy savings than improving an existing facility. 	The same eligible costs as listed for a grant, with the addition of: 10. Working capital 11. Land Acquisition	Only the guaranteed portion can be used for working capital or land acquisition.

When are applications due in FY 2006 (10-1-05 to 9-30-06)?

Program	State and/or National Allocation	Application Submission Frequency	Date Applications are due to Iowa RD State Office
RE/EE grants	\$11,500,000 National	Semi-Annual	<i>Pending publication in the Federal Register</i> 1 st round – March 2 (e) 2 nd round – June 5 (e)
RE/EE guaranteed loans	\$11,500,000 National (budget authority) translates to \$200,698,080(e) guarantee authority	Anytime	Anytime <i>Decisions are made whether to fund on an ongoing basis.</i> <i>Any guaranteed funds not obligated by Aug. 1, 2006, will be pooled and will revert back to grant.</i>
RE/EE combination grants/guaranteed loan	Grant portion from grant allocation. Guaranteed loan portion from guaranteed loan allocation	Anytime	There is a monthly competition for these funds.



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Go to our website at www.rurdev.usda.gov/ia/rbs.html for more information, guidelines, etc.

Possible sources of matching funds.

Your local banker

Iowa Energy Center – www.energy.iastate.edu – Phone: 515-294-8819

(renewable energy projects - 0% interest loans – up to half the project's cost to a maximum of \$250,000)

Iowa Dept. of Natural Resources – www.iowadnr.com - Phone: 515-281-8416

SBA (funds) www.sba.gov/ia - Phone: 515-284-4422 or 515-284-4572

Possible assistance in the preparation of technical reports.

Your technology consultant or the technology company you are purchasing from.

Iowa Dept. of Natural Resources – www.iowadnr.com - Phone: 515-281-8416

<http://www.iowadnr.com/energy/news/publications.html>

Iowa State University Extension – E-mail ctordsen@iastate.edu – Phone: 515-294-1938

Possible assistance in the preparation of energy audits or energy assessments.

Contact your utility company – or rural electric cooperative to locate a qualified energy auditor

Alliant Energy Hotline: 800-723-7635

MidAmerican Energy Hotline: 800-545-0762

A professional engineer

Energy Group, Inc. – Des Moines - Phone: 515-564-1045

Possible sources of help for preparing financial information.

Your local banker or your accountant

Iowa Small Business Development Centers www.iabusnet.org/sbdc/index.html - Phone: 1-800-373-7232

Small Business Administration and SCORE (retired executives counseling small businesses)

www.sba.gov/ia - Phone: 515-284-4422 or 515-284-4572

Iowa Agricultural Innovation Center www.iowaAgInnovationCenter.com – Phone: 515-281-6936

Iowa State University Extension – E-mail ctordsen@iastate.edu – Phone: 515-294-1938

For Help in reviewing an application for completeness or Help in preparing an application.

Iowa Rural Development Business-Cooperative Specialists – for names and location information – *see the 6th page of this document.*

List of grant writers - http://www.agmrc.org/agmrc/provider_search.asp - *None have been put through any type of screening or endorsement by AgMRC, however, so we would encourage groups to interview, ask for references, etc.*

Resource Conservation and Development Districts (RC&D) Coordinators – for names and locations, please go to:

www.ia.nrcs.usda.gov/partnerships/rcandd.html

Iowa Dept. of Natural Resources – www.state.ia.us/dnr/energy - Phone: 515-281-8416

Iowa State University Extension – E-mail ctordsen@iastate.edu – Phone: 515-294-1938

Iowa Agricultural Innovation Center www.iowaAgInnovationCenter.com – Phone 515-281-6936

– will do grant writing.

Small Business Administration and SCORE (retired executives counseling small businesses)

www.sba.gov/ia - Phone: 515-284-4422 or 515-284-4572

Funding

FY 2006 (the 4th year of a 5 year program) has \$23 million (e) available nationally for the Section 9006 Energy Program.

FY 2005 (the 3rd year of a 5 year program) \$23 million (e) was available nationally for the Section 9006 Energy Program. 148 applications were approved for funding nationally. Iowa received 45 applications eligible to be considered in the national competition. 37 were awarded grants for a total of \$5,733,657.

In **FY 2004** (the 2nd year of the program), \$22.8 million was available nationally in competitive grant funds. 167 applications were approved for funding nationally. Of the 20 applications received in Iowa, 7 were selected for funding by the National Office for a total of \$421,086.

In **FY 2003** (the 1st year of the program), \$21.23 million was available in competitive grant funds. 113 applications were approved for funding nationally. Of the 14 applications received in Iowa, 10 were selected for funding for a total of \$1,758,440.

Examples of Energy Projects Awarded Grants in Iowa in FY 2003 and FY 2004

	Renewable Energy
Small Business	Installation of a Cogeneration wood fired boiler system primarily to create heat to operate the kilns and steamer and also produce electricity.
Agricultural Producer	Install a factory made wood burning furnace that is located outside. The furnace will heat water that will be pumped through insulated underground pipes.
Small Business	Install hot water renewable fuel boiler along with solar PV electric and solar thermal supplemental design for heating a greenhouse project.
Agricultural Producer	Installing a geothermal renewable energy system at a winery and farm.
Agricultural Producer	Erect a Bonus 450 KW wind turbine in order to strengthen farming operation through efficiency and diversity of operations and additional source of income.
Small Business	Provide electric power to headquarters facility with 2 wind turbines and photovoltaic systems.
Small Business	Construct a wind turbine (67-1650KW) electric generation farm.
Agricultural Producer	Manure processing project that generates own energy for drying manure on a dairy farm.
Small Business	Installation of wind turbines and solar PV array pumping system.
Small Business	Build a 12,000,000 gallon bio-diesel production plant.
Agricultural Producer	Installation of a 5,600,000 kW wind turbine on a farm.
Agricultural Producer	Installation of 10 kW wind turbine on a farm for farm electrical usage.
	Energy Efficiency
Agricultural Producer	Installation of an energy efficient grain drying bin.
Small Business	Install energy efficient equipment and lighting in a restaurant using a Reverse Ambient Solar Energy Refrigeration System (RASERS).
Small Business	Install energy efficient equipment in a linen cleaning facility using a Reverse Ambient Solar Energy Refrigeration System (RASERS).
Small Business	Install new boiler system and high efficiency dry kilns.
Small Business	Energy conservation and efficiency for office/warehouse for calibrated day lighting controls, lighting controls, lighting design alternatives, conditioning of outside air, and insulation.
Examples of Energy Projects Awarded Grants in Iowa in FY 2005	
	Renewable Energy
Small Business	Palo Alto County Wind Farm - 10 LLC's made application individually, each for a large wind turbine.
Small Business	Greene County Wind Farm - 8 LLC's made application individually, each for a large wind turbine.
Agricultural Producer	2 farmers each applied for a small wind turbine.
Small Business	An LLC applied for a large wind turbine.
Small Business	An LLC applied for a large wind turbine.
Agricultural Producer	A farming partnership applied for an outdoor biomass furnace to heat farm buildings.
Small Business	A biodiesel plant applied for funds to assist construction efforts.
	Energy Efficiency
Agricultural Producer	9 farmers each applied for a replacement grain dryer.
Small Business	2 cooperatives each applied for a replacement grain dryer system.
Small Business	A restaurant owner applied for funds to make the restaurant building more energy efficient.
Small Business	A small business owner applied for funds to make their "place of business" building more energy efficient.

Iowa Rural Development Organizational Map

Business & Cooperative Programs Contact
For Areas 9 & 10 is: Chris Mercer, 515-332-4411, chris.mercer@ia.usda.gov

Business & Cooperative Programs Contact for Areas 1 & 2 is: Norman Brus, 319-352-1715, norm.brus@ia.usda.gov

Business & Cooperative Programs Contact for Areas 7 & 8 is: Shannon Chase, 712-243-2107, Shannon.chase@ia.usda.gov

Business & Cooperative Programs Contact for Areas 5 & 6 is: Jeff Kuntz, 641-932-3031, jeff.kuntz@ia.usda.gov

Business & Cooperative Programs Contact for Areas 3 & 4 is: Tom Miller, 563-886-6006, tom.miller@ia.usda.gov



Area 1 Iowa Falls	Area 6 Indianola
Area 2 Waverly	Area 7 Atlantic
Area 3 Tipton	Area 8 Le Mars
Area 4 Mt. Pleasant	Area 9 Storm Lake
Area 5 Albia	Area 10 Humboldt

Effective Date: June 14, 2004